

**CHAPTER NO. 195**

**HOUSE BILL NO. 566**

**By Representatives Henri Brooks, Lois DeBerry, Stanley, Brown, Ulysses Jones, Miller, Cooper**

**Substituted for: Senate Bill No. 438**

**By Senator Cohen**

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 84, relative to inner-city redevelopment.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 84, is amended by adding the following language as a new, appropriately designated part:

§ 7-84-601. This part shall be known and may be cited as the "Inner-City Redevelopment Act of 2003".

§ 7-84-602.

(a) It is hereby determined and declared that the deterioration of inner-city areas within certain municipalities of the state is a threat to the property tax and other revenue sources of such municipalities and is detrimental to the safety, health, morals and general economic welfare of the communities in which they are located; that the elimination of urban blight and decay and the modernization and general improvement of such inner-city areas by governmental action is considered necessary to promote the public health, safety and welfare of such communities; and that restoration of such inner-city areas is an appropriate subject for remedial legislation.

(b) The general assembly further finds that:

(1) Municipalities should be encouraged to create self-financing inner-city redevelopment districts and designate district management corporations to execute self-help programs to enhance their local business climates; and

(2) Municipalities should be given the broadest possible discretion in establishing self-help programs most consistent with their local needs, goals and objectives.

§ 7-84-603. As used in this part, unless the context otherwise requires:

(1) "Assessed value" means value as assessed for municipal property tax purposes;

(2) "District" or "inner-city redevelopment district" means the inner-city redevelopment district created by the establishment ordinance of the municipality;

(3) "District management corporation" means the board or organization created or appointed pursuant to § 7-84-619;

(4) "Establishment ordinance" means the ordinance of the governing body adopted pursuant to § 7-84-615 establishing a district;

(5) "Governing body" means the council, commission, board or other body exercising general legislative power in the municipality;

(6) "Initiating petition" means the petition filed pursuant to § 7-84-611(1) requesting the establishment of a district pursuant to this part;

(7) "Initiating resolution" means the resolution adopted by the governing body pursuant to § 7-84-611(2) proposing to establish a district pursuant to this part;

(8) "Municipality" means any incorporated city, town or metropolitan government of this state exercising general governmental functions in the state; and

(9) "Owner" means record owner in fee, or duly authorized representative.

§ 7-84-604. The provisions of this part do not affect any proceedings under title 13, chapter 20, parts 1-3, and all or any part of the area within the boundaries of an inner-city redevelopment district created pursuant to this part may be part of any urban renewal area created pursuant to such provisions or other laws.

§ 7-84-605.

(a) This part is intended to afford an alternative method for the making of improvements by a municipality, the creation of special improvement districts for inner-city redevelopment districts of the various municipalities, the levy of assessments and the issuance of bonds by municipalities, and shall not be so construed as to deprive any municipality of the right to make improvements, create special improvement districts, levy assessments or other special taxes or issue bonds under authority of any other law of this state now in effect or hereafter enacted, including parts 1-5 of this chapter; nevertheless, this part shall constitute full authority for the making of improvements, creation of inner-city redevelopment districts, levy of assessments and issuance of bonds under title 9, chapter 21, to the extent applicable, by such municipalities as act under this part.

(b) No act hereafter passed by the general assembly amending other acts relating to the same subject matter as covered by this part shall be construed to affect the authority to proceed under this part in the manner provided in this part, unless such future act amends this part and specifically provides that it is to be applicable to proceedings taken and to bonds issued under this part.

§ 7-84-606. This part shall constitute independent authority, separate and apart from parts 1-5 of this chapter, for the establishment and governance of an inner-city redevelopment district, and shall constitute an alternative method of establishing and governing such a district. None of the provisions of this part

shall in any way affect the operation and effect of parts 1-5 of this chapter, which shall continue in full force and effect as separate and independent authority for the establishment and governance of a central business improvement district; provided, however, notwithstanding any provision of law to the contrary, no designated center-city area of a municipality, that creates or has created a central business improvement district pursuant to chapter 84 of this title, shall overlap any area within an inner-city redevelopment district created by the municipality pursuant to this part.

§ 7-84-607. Nothing in this part shall affect or impair the control and jurisdiction that a municipality has over all property within its boundaries. The powers and authority herein granted by this part shall be in addition to any and all other powers and authority now residing with, or hereafter granted to, municipalities in this state, and all powers herein granted shall be subject to the general control and jurisdiction of such municipalities.

§ 7-84-608. This part, being necessary to secure and preserve the public health, safety, convenience and welfare, shall be liberally construed to effectuate its purposes.

§ 7-84-609. In the event of conflict between the provisions of this part and any other laws or parts of laws governing Tennessee, the provisions of this part shall govern.

§ 7-84-610. The governing body of any municipality of the state is hereby authorized to create by ordinance one (1) or more inner-city redevelopment districts in the manner provided in this part.

§ 7-84-611. The establishment of a district shall be initiated in either of two (2) ways, as follows:

(1) By a petition filed in the office of the clerk of the governing body of the municipality, signed by not less than a majority in number of the owners of real property in the district having an assessed value of not less than two thirds (2/3) of the assessed value of all the real property proposed to be included in the district. After the filing of the petition, no petitioner shall be permitted to withdraw the petitioner's name therefrom. No petition with the requisite signatures shall be declared void on account of formal or insubstantial defects. The governing body, at any time, may permit the petition to be amended to conform to the facts by correcting any errors in the description of the territory, or in any other particular. Similar petitions for the organization of the same district may be filed, and together shall be regarded as one (1) petition with the original. All such petitions filed prior to the hearing on the first petition filed shall be considered by the governing body in the same manner as if filed with the first petition placed on file. The initiating petition shall set forth:

(A) The name of the proposed district which shall include the name of the municipality in which the district is to be located, together with the words, "Inner-City Redevelopment District";

(B) A general description of the boundaries of the district or the territory to be included therein, identified with

sufficient certainty to enable any and all owners to determine whether their property lies within the district;

(C) A general description of the improvements, services, projects proposed for the district and other proposed uses of special assessment revenues within the district;

(D) The total estimated costs of the proposed improvements, services, projects and other proposed uses and the estimated rate of levy of the special assessment with a proposed breakdown by property classification if such classification is to be used;

(E) A statement that the petition is filed pursuant to the terms of this part; and

(F) A request that a district be established pursuant to this part and that the administration of the district be governed by this part; or

(2) By adoption of a resolution of the governing body setting forth the same matters as are required to be set forth in the initiating petition.

§ 7-84-612. Any inner-city redevelopment district created by a municipality may embrace two (2) or more separate property areas. Each district shall be of such size and form as to include all properties which, in the judgment of the governing body, will be benefited by the improvements and services that are proposed to be made and provided in or for such district. The jurisdiction of a municipality to make and provide, finance and levy assessments for the cost of any improvements and services within a district shall not be impaired by a lack of commonness, unity or singleness of the location, purpose or character of the improvements or services, or by the fact that any one (1) or more of the properties included in the district are subsequently determined not to be benefited by such improvement or improvements, or by a particular portion thereof, and is not assessed for such improvement or improvements.

§ 7-84-613. Upon the filing of an initiating petition purporting to contain the requisite number of signatures, or upon the adoption of an initiating resolution by the governing body, the governing body shall order a public hearing to determine whether such inner-city redevelopment district shall be established. Such hearing shall be held not less than thirty (30) nor more than forty-five (45) days following the adoption of the initiating resolution by the governing body or following the filing of the initiating petition with the clerk of the governing body.

§ 7-84-614. Notice of the public hearing shall be given by publishing a notice once a week for three (3) consecutive weeks in some newspaper of general circulation in the municipality. It shall not be necessary to set out in full in such notice the proposed establishment ordinance, but such notice shall state in summary detail those facts required to be included in the initiating petition or initiating resolution. The notice shall state the time and place of such public hearing, which shall be at least seven (7) days following the date of publication of the third and final notice. Such notice shall also be given by mail to each owner of real property within the proposed district.

§ 7-84-615.

(a) At the time and place thus appointed, the governing body shall meet, and at such meeting, or at the time and place to which the same may be adjourned from time to time, all persons whose property may be affected by such improvement or improvements may appear in person or by attorney or by petition and protest against the creation of such inner-city redevelopment district; and the governing body shall consider such objections and protests, if any, and may change the district boundaries or modify the proposal in such manner as may be deemed advisable by the governing body. At the conclusion of such public hearing, the governing body shall adopt, adopt as amended or reject the organization of such inner-city redevelopment district by the adoption or rejection of an ordinance setting out the same. In all such municipalities requiring two (2) or more readings before passage of an ordinance, all readings shall have been held prior to the public hearing, except the final such reading, so that the adoption may take place at the conclusion of such public hearing.

(b) Any person who fails to file a protest, or who fails to appear at the public hearing or protest, or, having filed, withdraws such protest, shall be deemed to have waived any objection to the creation of the district, the making of the improvements and the inclusion of such person's property in the district.

(c) An inner-city redevelopment district may only be established by ordinance passed by a majority vote of the members of the governing body present and voting upon conclusion of the public hearing procedure as set forth in this part.

§ 7-84-616.

(a) In the event that the establishment of an inner-city redevelopment district shall have been initiated by resolution of the governing body, the establishment ordinance shall not be adopted if owners representing more than one half (1/2) of the assessed value of all property to be included in the district file written protests with the governing body prior to the public hearing.

(b) The filing of protests by owners representing more than one half (1/2) of the assessed value of the property to be included in the district shall not bar the governing body from amending the district boundaries in such manner as to reduce the number of objectors to one half (1/2) or less of the assessed value of the district; provided, that a new public hearing shall be held on the amended district pursuant to the same provisions and procedures herein established for the initial public hearing.

(c) The governing body shall be permitted to amend the district boundaries only once in order to permit the adoption of such ordinance, and no initiating petition shall be accepted nor initiating resolution adopted by the governing body with respect to the same properties included in the original or amended proposed inner-city redevelopment district for a period of twelve (12) months following the failure of passage of such ordinance.

§ 7-84-617. The establishment ordinance adopted by the governing body of the municipality shall include:

(1) The name of the district as set forth in the original or amended initiating petition or initiating resolution;

(2) A description of the boundaries of the district as set out in the original or amended initiating petition or initiating resolution;

(3) A statement that the properties in the area established by the ordinance shall be subject to the provisions of the special assessment;

(4) A statement of the improvements, services and projects authorized to be provided within and for the district and other proposed uses of special assessment revenues within the district;

(5) The initial or additional rate of levy of the special assessment to be imposed with a breakdown by property classification if classifications are used;

(6) The time and manner in which special assessments authorized by the ordinance shall be paid;

(7) If the governing body desires to create or appoint a district management corporation as provided in § 7-84-602, such creation or appointment; and

(8) A statement that the district is established pursuant to this part and that the administration of such district shall be governed by this part.

§ 7-84-618.

(a) The municipality has the authority and power to borrow money and issue its bonds, notes or other obligations for the purpose of paying the costs of public improvements made pursuant to the establishment ordinance, or the refunding or refinancing of any such bonds, notes or obligations, under and pursuant to all the procedures and requirements set forth in title 9, chapter 21.

(b) The municipality is further authorized to pledge to the payment of principal of and premium and interest on such bonds, notes or other obligations, and use for the payment thereof, the special assessment revenues authorized to be collected by the municipality pursuant to this part in the same manner as revenues may be pledged pursuant to title 9, chapter 21.

(c) "Public works project", as contained in title 9, chapter 21, includes all public improvements made within the district and the proceeds of any such bonds, notes or other obligations may be used for any purpose for which bond proceeds may be used under title 9, chapter 21.

(d) "Revenues", as contained in title 9, chapter 21, includes the special assessment revenues described in this part.

§ 7-84-619.

(a) The governing body of the municipality, in the establishment ordinance or any other ordinance of the municipality, may create an advisory board or appoint an existing organization to act as an advisory board for the purpose of making recommendations for the use of special assessment revenues and for the purpose of administering activities within and for the district, the making of improvements within and for the district and the provision of services and projects within and for the district.

(b) Such newly created board or existing organization so created or appointed shall be known and referred to in this part as the "district management corporation".

(c) The governing body may contract with the district management corporation for the services to be provided by such corporation. Such district management corporation must comply with all applicable provisions of law including this part, with all city resolutions and ordinances, and with all regulations lawfully imposed by the state auditor or other state agencies.

(d)

(1) The speaker of the senate shall appoint the senator whose senate district includes the majority of the area contained within the inner-city redevelopment district to serve as an ex officio member on the board of directors of the district management corporation created pursuant to this section. Likewise, the speaker of the house of representatives shall appoint the representative whose house district includes the majority of the area contained within the inner-city redevelopment district to also serve as an ex officio member on such board of directors.

(2) Alternatively, in any county having a population in excess of eight hundred thousand (800,000) according to the 2000 federal census or any subsequent federal census, the speaker of the senate shall appoint as ex officio members of such board of directors two (2) senators whose senatorial districts lie in whole or in significant part within the boundaries of the center-city revenue finance corporation, and the speaker of the house of representatives shall appoint as ex officio members of such board of directors two (2) representatives whose representative districts lie in whole or in significant part within the boundaries of such corporation.

(e) The district management corporation shall submit an annual budget for review and approval by the governing body. This budget shall include a statement of the improvements to be made, the services to be provided and the projects and activities to be conducted during the ensuing fiscal year, the proposed program budget and a statement of the assessment rates for financing the proposed budget.

§ 7-84-620. In addition to all other powers of a municipality enumerated herein or elsewhere, a municipality has the following powers, limited only by the

establishment ordinance, all of which powers may be delegated to the district management corporation by the establishment ordinance or other ordinance of the governing body of the municipality:

- (1) Acquire, construct or maintain parking facilities;
- (2) Acquire, construct or maintain public improvements;
- (3) Acquire real property or an interest therein in connection with a public improvement;
- (4) Provide services for the improvement and operation of the district, including, but not limited to:
  - (A) Promotion and marketing;
  - (B) Advertising;
  - (C) Health and sanitation;
  - (D) Public safety;
  - (E) Security;
  - (F) Elimination of problems related to traffic and parking;
  - (G) Recreation;
  - (H) Cultural enhancements;
  - (I) Consulting with respect to planning, management and development activities;
  - (J) Maintenance of improvements;
  - (K) Activities in support of business or residential recruitment, retention or management development;
  - (L) Aesthetic improvements, including the decoration, restoration or renovation of any public place or of building facades and exteriors in public view which confer a public benefit;
  - (M) Furnishing of music in any public place;
  - (N) Professional management, planning and promotion of the district; and
  - (O) Design assistance;
- (5) Enter into contracts and agreements;
- (6) Hire employees or retain agents, engineers, architects, planners, consultants, attorneys and accountants;



(7) Acquire, construct, install and operate public improvements contemplated by the establishment ordinance and all property, rights or interests incidental or appurtenant thereto and dispose of real and personal property and any interest therein, including leases and easements in connection therewith;

(8) Manage, control and supervise:

(A) All the business and affairs of the district;

(B) The acquisition, construction, installation and operation of public improvements within the district; and

(C) The operation of district services therein;

(9) Construct and install improvements across or along any public street, alley, highway, stream of water or watercourse;

(10) Construct and operate child care facilities; and

(11) Exercise all rights and powers necessary or incidental to or implied from the specific powers granted in this part. Such specific powers shall not be considered as a limitation upon any power necessary or appropriate to carry out the purposes and intent of this part.

§ 7-84-621.

(a) The municipality is hereby authorized to levy special assessments against all properties located within the inner-city redevelopment district to cover all costs and expenses of making public improvements within the district and providing the services, projects and activities of the district.

(b) Such costs and expenses may include:

(1) All costs of acquisition, construction and maintenance of public improvements within the district;

(2) Costs of planning and feasibility studies, engineering, accounting, legal, surveying, consultant and other professional fees;

(3) Administration expenses required in order to comply with the terms of this part, including costs incurred to establish the district, abstracts and other title costs, payment of principal of and premium and interest on any bonds, notes or other obligations issued as provided herein and in title 9, chapter 21;

(4) Funding of necessary reserves for debt service, maintenance, depreciation or other items, payment of all costs and expenses of the district management corporation which are authorized herein and approved by the governing body pursuant to the budget review process described in this part or otherwise approved by the governing body; and

(5) Provision for additional costs or losses of assessment revenue for the development and construction of such improvements and provision of such services and activities as are authorized by the governing body.

(c) The assessment authorized in this section includes all such costs even though some of the construction, engineering, inspection and administrative or other services necessary are performed by the municipality.

§ 7-84-622.

(a) The governing body of the municipality shall determine annually the total costs and expenses to be paid from the special assessments and shall annually apportion such costs and expenses upon the various properties located within the district in accordance with the benefits conferred upon the various properties.

(b) In determining the benefits to each lot or parcel of property within the district, the governing body may consider any of the following factors: square footage, front footage, assessed value, type of use, business classification, property location, zones of benefit or a combination of such factors.

(c) The fact that assessments may be spread uniformly over a large area within the district shall not be conclusive that such assessment was arbitrarily made.

(d) Special assessments shall be imposed and collected annually, or on another basis specified in the ordinance establishing the inner-city redevelopment district.

(e) Changes may be made in the rate or additional rate of the special assessment as specified in the ordinance establishing the district.

(f) The governing body must hold a public hearing to change the rate or impose an additional rate of special assessment.

§ 7-84-623. Notwithstanding §§ 7-84-621 and 7-84-622, no special assessment shall be levied on any government-owned property, including, but not limited to, any property owned by a county or by a public building authority, without the approval of the governing body of such governmental entity or of the public building authority that contains representatives of each participating governmental entity.

§ 7-84-624. After all assessments have been determined, an assessment roll shall be prepared by the governing body which shall show the location of the property, the owner of the property as shown in the records of the assessor and the amount of the assessment.

§ 7-84-625.

(a) The governing body shall prepare a schedule of all property proposed to be taken by condemnation by the municipality and all property which shall in some manner be injured by the improvements to be constructed within the district, together with the valuations set on

each such property or the damages to the property by the injuries to be inflicted.

(b) Such schedule of property shall be made public simultaneously with the assessment roll and for a like period of time.

§ 7-84-626. An assessment, any interest accruing on the assessment, and the costs of collection of the assessment shall constitute a lien on and against the property upon which the assessment is levied as of the effective date of the ordinance levying the assessment, which lien shall be superior to the lien, of any trust deed, mortgage, mechanic's or material supplier's lien, or other encumbrance, except those of the state, county or municipality for taxes.

§ 7-84-627. In case any assessment shall become or has become delinquent and the property subject thereto has been or shall be sold to the municipality therefor, redemption of such property shall be permitted upon payment, not later than one (1) year after the date of sale, of the full amount due plus interest, any taxes paid by the municipality and accrued costs and redemption fees as may be prescribed by ordinance of the municipality, unless in the judgment of the governing body of the municipality, the interest of the municipality will be subserved by accepting a lesser sum in settlement therefor.

§ 7-84-628. In case of failure to pay any assessment or installment provided for under this part on or before the date prescribed by the governing body for such payment, there shall be added to the assessment both interest of one percent (1%) per month and a penalty of one percent (1%) per month of the amount of such assessment or installment.

§ 7-84-629.

(a) The governing body shall be authorized to dissolve the district upon written petition filed by the owners of either seventy-five percent (75%) of the assessed value of the property in the district based on the most recent certified city property tax rolls, or fifty percent (50%) of the owners of record within the district.

(b) The district may not be dissolved if the municipality has outstanding any bonds, notes or other obligations payable solely from the special assessment revenues levied on the property within the district, and such dissolution may occur only at such time as such bonded indebtedness has been repaid in full or the municipality pledges to the payment of such indebtedness its full faith and credit and unlimited taxing power.

SECTION 2. This act shall take effect July 1, 2003, the public welfare requiring it.

PASSED: May 15, 2003



JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES



JOHN S. WILDER  
SPEAKER OF THE SENATE

APPROVED this 29<sup>th</sup> day of May 2003



PHIL BREDESEN, GOVERNOR